



April 1, 2019

Naomi Kelly

City Administrator

1 Dr. Carlton B. Goodlett Place, Room 362

San Francisco, CA 94102

Dear City Administrator Kelly;

One of the biggest challenges our City faces is housing affordability. We need to build more housing, particularly affordable housing to keep our communities stable. With the average rent of a one bedroom apartment at approximately \$3,790 and the average sales price for a home at nearly \$1.4 million, housing affordability and instability impacts all of our communities. In 2015, with over 74% support, voters passed a \$310 million affordable housing bond which is financing the creation of 1,392 new homes. This includes transforming and rebuilding over 500 units of dilapidated public housing, building or preserving over 600 affordable housing units for low-income families and seniors, and providing 275 homeownership and rental opportunities for middle-income households including San Francisco Unified School District educators and their families. However, with diminishing federal funds, increased construction costs, and a reduction in local affordable housing funds, more resources are needed.

That is why we are Co-Chairing an effort to place an affordable housing bond on this November's ballot. By bringing together a diverse group of housing experts, affordable housing leaders, community advocates, neighborhood leaders, and other stakeholders to craft both the bond's language and expenditure plan, we believe we can design an affordable housing bond which helps address the housing needs of our city, while also being fiscally responsible.

Since we enacted the Capital Plan, which reviews and prioritizes all of our City's long-term capital needs, and instituted the general obligation bond policy of not issuing new bonds which would result in increasing property taxes above 2006 levels, the voters have rewarded our fiscal prudence by approving nearly \$4 billion in bond funding. This vital funding source has aided the City in improving the resiliency and vibrancy of our parks, streets, transportation network, hospitals, emergency service buildings, and infrastructure.

Prior to the fiscal constraints and planning process in the Capital Plan, it was common for bonds to fail, including two affordable housing bonds, a streets and sidewalk improvement bond, and cultural center bond all in the early 2000s. We want to maintain that important fiscal constraint because we have earned the trust of voters, but we also know our city's affordable housing needs exceed the \$300 million currently allocated in the draft Capital Plan for an affordable housing bond. The City Controller recently updated property tax projections for the City, which results in

additional bonding capacity of \$200 million available for programming through the City's capital planning process. With this additional capacity we can both address the critical need for more affordable housing and maintain our commitment to voters to maintain property tax levels. We are asking you to apply this additional bond capacity and increase the upcoming November 2019 affordable housing bond in the draft Capital Plan to \$500 million. Additionally, as our Controller continues to update property tax projections we remain committed to allocating additional bonding capacity to affordable housing.

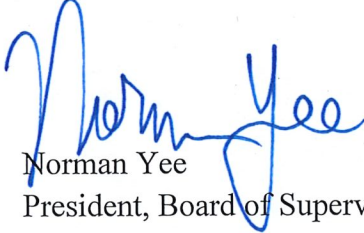
Thank you for your stewardship of our Capital Plan.

Sincerely,

A handwritten signature in blue ink, appearing to read "London N. Breed".

London N. Breed

Mayor

A handwritten signature in blue ink, appearing to read "Norman Yee".

Norman Yee

President, Board of Supervisors

cc: Capital Planning Committee Members